

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04

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FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 9057

INFO DEPARTMENT OF AGRICULTURE

UNCLAS SAN SALVADOR 3939

E.O. 11652: N/A

TAGS: EAGR, ES

SUBJ: EL SALVADOR EXPRESSES CONCERN OVER US SUGAR POLICY

1. LEADING MEMBERS OF THE SALVADORAN SUGAR GROWERS ASSOCIATION CALLED ON ME JULY 27 TO EXPRESS THEIR CONCERN OVER SUGAR PRICES, HIGH USG IMPORT TAXES AND OUR DELAY IN RATIFYING THE INTERNATIONAL SUGAR AGREEMENT.

2. THE SUGAR REPRESENTATIVES, ING. GUILLERMO BORJA NATHAN, ING. ROBERTO MATHIES AND DR. ALFONSO ROCHAC SUBMITTED A MEMORANDUM WHICH SPECIFICALLY NOTED THE FOLLOWING:

A. EL SALVADOR HAS TRADITIONALLY BEEN AND CONTINUES TO BE A FRIEND OF THE UNITED STATES.

B. EL SALVADOR HAS ALWAYS EXPERIENCED AN UNFAVORABLE TRADE BALANCE WITH THE UNITED STATES.

C. EL SALVADOR PARTICIPATED IN THE INTERNATIONAL SUGAR AGREEMENT BECAUSE IT WAS PRIMARILY DIRECTED BY THE USG AND THEREFORE WOULD BE GOOD FOR THE UNITED STATES AND
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THE FREE WORLD.

D. AT DIFFERENT MEETINGS IN GENEVA AND LONDON THE USG SUPPORTED RATIFICATION OF THE SUGAR AGREEMENT.

E. THE UNITED STATES AND THE COMMON MARKET ARE THE PRINCIPAL POWERS DEPRESSING THE SUGAR MARKET; THE FORMER

BY IMPOSING HIGH IMPORT TAXES ON SUCH A FOOD PRODUCT AND THE LATTER, BY SUBSIDIZING ITS EXPORTS THUS DESTROYING LOCALECONOMIES AND ALSO INCREASING THE COST OF LIVING FOR THE MAJOR OF U.S. CITIZENS.

F. AT THE JUNE 24 MEETING IN MEXICO CITY OF GEPLACEA (GRUPO DE PAISES LATINOAMERICANOS Y DEL CARIBE EXPORTADORES DE AZUCAR SECRETARIADO), THE "GREAT MAJORITY" OF NEW YORK SUGAR TRADESMEN TOLD OF THE USG'S "GEOPLITICAL PLAN" ADVANCED BY NSC'S BREZINSKI TO WITHHOLD RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT THEREBY FORCING CUBA TO WITHDRAW FROM AFRICA. THE REPRESENTATIVES BELIEVE SUCH A POLICY WOULD DESTROY THE ECONOMIES OF CENTRAL AND SOUTH AMERICAN AND PLACE IN BONDAGE THE UNITES STATES' BEST FRIENDS.

G. THE BASIS OF HUMAN RIGHTS IS FAIR PRICES. EL SALVADOR IS SYMPATHETIC TO PRESIDENT CARTER'S EFFORTS TO BALANCE TRADE BETWEEN THE COMMON MARKET, JAPAN AND THE U.S., AND ESPECIALLY HIS EFFORTS TO EXPORT MORE U.S. AGRICULTURAL PRODUCTS. THEY COMPLIMENT HIM ON THESE ACTIONS, BUT CLAIM HE MUST SET AN EXAMPLE IN OTHER TRADING WITH COUNTRIES SUCH AS EL SALVADOR WHICH HAS BEEN ONE OF THE UNITED STATES BEST FRIENDS AND CUSTOMERS.

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H. EL SALVADOR HAS IN EFFECT SUBSIDIZED THE UNITED STATES BY SUPPLYING US WITH SUGAR AT BELOW THE COST OF PRODUCTION.

I. HE UNITED STATES SUGAR IMPORT TAX IS NOT APPLIED EQUALLY. FOR EXAMPLE, HONDURAS AND COSTA RICA ARE NOT SUBJECT TO THE IMPORT TAX, THUS THEY RECEIVE A PRICE ADVANTAGE OVER EL SALVADOR OF \$2.70 PER HUNDREDWEIGHT.

3. IN ADDITIN TO THEIR WRITTEN COMMENTS, THE SUGAR REPRESENTATIVES CLAIMED SOME SUGAR MILLS IN THE COUNTRY MAY BE FORCED TO CLOSE DOWN DUE TO THE CURRENT PRICE SITUATION. SUCH ACTION THEY SAY WOULD BE PARTICULARLY DEVASTING TO THE COUNTRY IN A SOCIOECONOMIC SENSE SINCE 80 PER CENT OF ALL CANE GROWN IS PRODUCED BY SMALL CANE GROWERS.

4. IN FURTHER GENERAL DISCUSSION OF THEIR WRITTEN OBSERVATIONS AND IN RESPONSE TO OUR INQUIRIES, THE SUGAR REPRESENTATIES CITED DR. BREZINSKY AS THE PRINCIPAL

PROPONENT OF DELAYING RATIFICATION OF THE SUGAR AGREEMENT
AS A MEANS TO PRESSURE THE CUBANS, BUT COULD NOT CITE A
SPECIFIC TIME OR PLACE WHERE HE EVER ENUNCIATED SUCH A
POLICY. WE ADVISED THE REPRESENTATIVES THAT WE KNEW OF
NO SUCH PRONOUNCEMENT BUT WOULD SEEK TO CONFIRM WITH WASHINGTON.

5. THE MISSION WAS ALSO CONFRONTED WITH THE CLAIM
THAT HONDURAS AND COSTA RICA WERE FAVORED OVER EL
SALVADOR ON SUGAR DUTIES. WE EXPLAINED OUR BELIEF
THAT EL SALVADOR HAD EXPORTED MORE SUGAR THAN WAS
PERMITTED TO ALLOW THEM TO QUALIFY FOR TREATMENT UNDER
THE GSP AND THAT THE OTHER COUNTRIES HAD PROBABLY
NOT SHIPPED SUCH QUANTITIES AND WERE THEREFORE ELIGIBLE
FOR GSP RATES. PERHAPS YOU COULD ADVISE US OF THE
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ACTUAL SITUATION.
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Message Attributes

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Disposition Event:
Disposition History: n/a
Disposition Reason:
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